IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 11
NEWPAGE CORPORATION, *et al.*,	Case No. 11-12804 ( )
Debtors.[1]	Joint Administration Requested

DECLARATION OF J. BLAKE O'DOWD IN SUPPORT OF DEBTORS' MOTION FOR INTERIM AND FINAL ORDERS PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363 AND 364: (I) AUTHORIZING DEBTORS TO (A) OBTAIN POSTPETITION FINANCING, AND (B) GRANT SENIOR LIENS, JUNIOR LIENS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE PRIORITY; (II) APPROVING USE OF CASH COLLATERAL; (III) GRANTING ADEQUATE PROTECTION TO CERTAIN PREPETITION SECURED PARTIES; (IV) SCHEDULING A FINAL HEARING; AND (V) GRANTING RELATED RELIEF

Pursuant to 28 U.S.C. § 1746, I, J. Blake O'Dowd, hereby declare as follows:

1. I am a Managing Director in the Restructuring Group of Lazard Frères & Co. ("Lazard"), the U.S. operating subsidiary of an international financial advisory and asset management firm. Since 1990, Lazard's professionals have been involved in over 250 restructurings, representing more than $1 trillion in debtor assets.

2. I joined Lazard in 1999 as a vice president and remained as a managing director until 2007. I then left to join Morgan Stanley as head of its Restructuring Group,

[1] The Debtors in these chapter 11 cases, along with the last four (4) digits of each Debtor's federal tax identification number, as applicable, are: Chillicothe Paper Inc. (6154), Escanaba Paper Company (5598), Luke Paper Company (6265), NewPage Canadian Sales LLC (5384), NewPage Consolidated Papers Inc. (8330), NewPage Corporation (6156), NewPage Energy Services LLC (1838), NewPage Group Inc. (2465), NewPage Holding Corporation (6158), NewPage Port Hawkesbury Holding LLC (8330), NewPage Wisconsin System Inc. (3332), Rumford Paper Company (0427), Upland Resources, Inc. (2996), and Wickliffe Paper Company LLC (8293). The Debtors' corporate headquarters is located at 8540 Gander Creek Drive, Miamisburg, OH 45342.

and later rejoined Lazard in April of 2009. Prior to joining Lazard, I was a Vice President in Alex Brown's Restructuring Group for five years, was an Assistant Vice President in the Leveraged Transactions Group at Barclays and a commercial lending officer of Manufacturers Hanover Trust Co. I have over twenty years experience advising companies and their creditors, including AbitibiBowater, Burlington Motor Carriers, Caribbean Air Services, Celotex, Cemex, FoxMeyer Corp., Fruit of the Loom, Kaiser Aluminum, LNR Property Corp., Marvel Entertainment, Metrocall, National Energy Group, Satmex SA, Simmons Upholstered Furniture, SubMicron Systems, Sun Healthcare, Thomas Nelson, Inc., US Industries, Video Services, and Wireless One. I have advised companies on numerous in-court and out-of-court restructurings, recapitalizations and reorganizations, and I have extensive experience in procuring, structuring and negotiating debtor-in-possession financing facilities. I received my Bachelor of Arts degree from Duke University. I received my Masters of Business Administration degree from New York University Leonard N. Stern School of Business.

3. I submit this declaration in support of the *Debtors' Motion for Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363 and 364: (I) Authorizing Debtors to (A) Obtain Post-Petition Financing, and (B) Grant Senior Liens, Junior Liens and Superpriority Administrative Expense Priority; (II) Approving Use of Cash Collateral; (III) Granting Adequate Protection to Certain Prepetition Secured Parties; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* (the "Motion").[2] I submit this declaration based on personal knowledge, except as expressly provided, and as my testimony inclusive of opinions if called to testify.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

A. The DIP Credit Facility Was Fully Marketed & Negotiated In Good Faith

4. On April 1, 2011, the Debtors engaged Lazard to advise the Debtors with respect to possible restructuring alternatives, including, if necessary, a restructuring through chapter 11. To be prepared for all possible outcomes, the Debtors requested that Lazard find potential sources of postpetition financing.

5. Through a marketing process directed at maintaining confidentiality and minimizing disruption of the Debtors' business operations, Lazard initially identified five potential DIP financing sources. The Debtors signed confidentiality agreements with each of the five interested financing sources. Of these, three engaged in active diligence with the Debtors, and submitted proposals. An additional party reached out to Lazard, met with management, and submitted a proposal, but the proposal was rejected by the Debtors, and no additional conversations ensued.

6. After exchanging term sheets with each of the three prospective postpetition financing sources, Lazard identified the proposal submitted by JPM as providing the best terms and engaged in active negotiations with JPM to further improve upon the terms being offered. Over roughly a two week period, JPM engaged in extensive diligence and negotiations with the Debtors and their advisors to arrive at the best available offer. The other two interested sources ultimately determined to participate in the proposed facility as co-agents, arrangers, and bookrunners.

7. The Debtors did not obtain any proposal for postpetition financing on a junior lien basis in respect of the Debtors' cash, accounts receivable, and inventory, and they could not attract any credit without providing a superpriority claim. None of the proposals I reviewed were on overall better terms than those proposed by the DIP

Lenders. Each proposal sought superpriority administrative status for its claims, a first priority lien on the Debtors' unencumbered assets, and a senior lien on the ABL Collateral. In addition, some proposals sought a *pari passu* lien on the Fixed Collateral.

8. The terms and conditions of the DIP Credit Facility were negotiated in good faith and at arm's length among the Debtors, the DIP Agents, the DIP Lenders, and each of their respective advisors. The process was full and fair, comprehensive, and produced the best available financing option given the circumstances. No consideration is being provided to any party to the DIP Credit Facility other than as described in the Motion and as supplemented by the Fee Letters.

9. Through these efforts, Lazard assisted the Debtors in reaching the terms of a $600 million DIP Credit Facility (the "DIP Term Sheet"). The DIP Term Sheet, and each of the other proposals I reviewed required an immediate repayment of the obligations under the Debtors' Senior Secured Revolver upon the Closing Date. The DIP Agents would not agree to provide postpetition financing without such a provision. Notably, the proposed DIP Credit Facility is not a defensive "roll up" – i.e., where prepetition lenders are attempting to convert their prepetition debt into postpetition debt. Instead, under the DIP Credit Facility, the DIP Agents have agreed to refinance the Debtors' Prepetition Senior Secured Revolver and provide significant incremental liquidity to the Debtors. The DIP Agents have also agreed to take the full risk of syndication of the DIP Credit Facility. For the DIP Agents to take the risk associated with a fully underwritten DIP Credit Facility, they have required the obligations under the Prepetition Senior Secured Revolver to be paid off so that the DIP Credit Facility may be syndicated as a credit that will have a senior lien without the complexity associated with

priming liens. Moreover, the DIP Agents represent only a portion of the lenders under the Prepetition Senior Secured Revolver and thus, if the Prepetition Revolver Lenders were not fully satisfied, three different groups of lenders would have liens on the ABL Collateral.

10. The DIP Agents entered into a Commitment Letter (as amended on September [6], 2011) to provide postpetition financing upon the terms and conditions set forth in the DIP Term Sheet, and subject to definitive documentation and the commencement of the Debtors' chapter 11 cases prior to October 31, 2011.

11. After signing the Commitment Letter, Lazard was approached by five additional financing sources. In each instance, Lazard informed such parties that the Debtors were willing to entertain any reasonable offer presented and would determine whether the terms of that offer were better than the terms agreed to with the DIP Agents in the DIP Term Sheet. Only one party submitted a proposal after the Debtors' signed the Commitment Letter. That proposal was on lesser terms than those set forth in the DIP Term Sheet. No other offers or proposals materialized after the signing of the Commitment Letter.

B. Maintaining The Debtors' Assets As A Going Concern
<u>Will Produce Greater Value For The Prepetition Secured Parties</u>

12. The Debtors' access to the DIP Credit Facility and use of Cash Collateral are the only means for preserving the going concern value of the Prepetition Collateral. Although the Debtors are cash-flow positive, the Debtors may still require additional available liquidity to compensate for timing issues in realizing their accounts receivable. Before the Commencement Date, the Debtors relied on availability under the Prepetition Senior Secured Revolver to support their daily cash requirements. Thus, if the Debtors

are unable to immediately access the DIP Credit Facility, the Debtors' business and the value of the Prepetition Collateral will likely suffer. The alternative in this case is to force the Debtors to close down their operations and thus doom any reorganization.

13. Based on my review of similar companies that have commenced cases under chapter 11, the value of the Debtors' assets on a going concern basis would be expected to far exceed the value of their assets on a liquidation basis. I reviewed five similarly situated companies and in each instance the liquidation values were at least 15% lower than the reorganization values of the ongoing business, and at most 64% lower than the reorganization values of the ongoing business. In no instance did the liquidation values for the assets of the similarly situated company prove to be greater than the value of its assets as a going concern.[3]

14. In addition, I reviewed three transactions completed (or in progress) by the Debtors whereby mills were sold to a third party buyer after ceasing to operate as going concerns. In each of these transactions, the mills were sold at fractions of their net book values. I also calculated the proceeds from those sales as a multiple of the numbers of tons of paper each mill was capable of producing and applied the low, high, and average multiple to the Debtors' aggregate capacity as a proxy for the value of the Debtors' existing mills if they were to be sold in a liquidation. Similarly, I estimated the value of the Debtors' other assets in a hypothetical liquidation, aggregated those expected values, and compared that sum to the aggregate market value of the Debtors' debt securities. In each case, the hypothetical proceeds from the sale of the assets after discontinuation of

[3] *See* analysis attached hereto as Exhibit A.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

September 7, 2011

J. Blake O'Dowd

<u>EXHIBIT A</u>

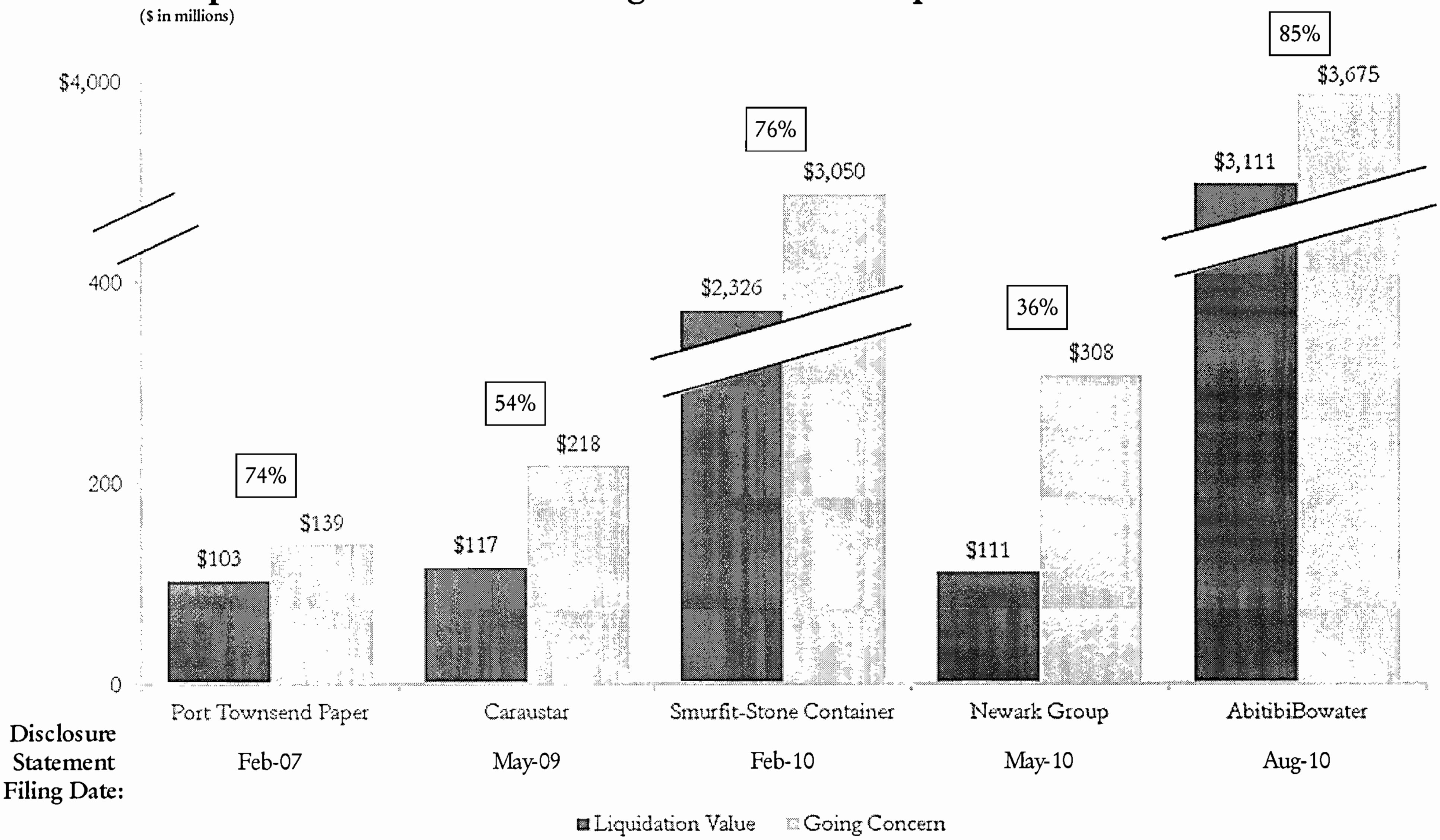
AUGUST 2011

DISCUSSION MATERIALS

Project Newfoundland

Chapter 11 Precedents - Going Concern vs. Liquidation Values

($ in millions)



Source: Plans of Reorganization and Disclosure Statements.

Hypothetical Proceeds from Assets after Discontinuation of Operations

($ in millions)

Case # 1: Recent NewPage asset sales used to calculate proceeds from property, plant and equipment

- A theoretical estimate of proceeds that might result from the sale of NewPage's assets if were to discontinue operations as a going-concern is significantly lower than NewPage's current market value as implied by debt trading prices

HYPOTHETICAL ASSET SALE PROCEEDS[a]

		Net Book	% of Net Book Value		Estimated Proceeds		
	Note	Value (6/30/11)	Low	High	Low	High	Midpoint
ASSETS							
Cash and cash equivalents	A	$2	100.0%	100.0%	$2	$2	$2
Restricted Cash	B	7	0.0%	0.0%	0	0	0
Accounts receivable, net[b]	C	215	65.0%	74.5%	139	160	150
Inventories[b]	D	459	38.0%	55.5%	174	255	215
Other current assets	E	25	0.0%	0.0%	0	0	0
Total current assets		$708			$316	$417	$366
Property, plant and equipment, net[b]	F	$2,395	0.8%	3.3%	$20	$78	$49
Port Hawkesbury biomass project[b]	G	0	0.0%	0.0%	0	0	0
Other assets	H	99	0.0%	0.0%	0	0	0
HYPOTHETICAL ASSET SALE PROCEEDS		$3,202			$336	$495	$415
Market Value of Debt Securities					$1,915	$1,915	$1,915
Sale Proceeds as a Percent of Market Value of Debt					17.5%	25.9%	21.7%

Note: See following pages for footnotes.
(a) Does not include liquidation / wind-down costs, Ch.7 trustee fees, monitor fees and other professional fees. A summary of potential fees can be found in footnote I.
(b) Pro forma for the exclusion of Port Hawkesbury.

Hypothetical Proceeds from Assets after Discontinuation of Operations (cont'd)

($ in millions)

Case # 2: Recoveries on property, plant and equipment from Smurfit Stone and AbitibiBowater liquidation analyses used to calculate NewPage's proceeds from property, plant and equipment

- A theoretical estimate of proceeds that might result from the sale of NewPage's assets if were to discontinue operations as a going-concern is significantly lower than NewPage's current market value as implied by debt trading prices

HYPOTHETICAL ASSET SALE PROCEEDS[(a)]

		Net Book	% of Net Book Value		Estimated Proceeds		
	Note	Value (6/30/11)	Low	High	Low	High	Midpoint
ASSETS							
Cash and cash equivalents	A	$2	100.0%	100.0%	$2	$2	$2
Restricted Cash	B	7	0.0%	0.0%	0	0	0
Accounts receivable, net[(b)]	C	215	65.0%	74.5%	139	160	150
Inventories[(b)]	D	459	38.0%	55.5%	174	255	215
Other current assets	E	25	0.0%	0.0%	0	0	0
Total current assets		$708			$316	$417	$366
Property, plant and equipment, net[(b)]	F	$2,395	22.5%	48.0%	$539	$1,150	$844
Port Hawkesbury biomass project[(b)]	G	0	0.0%	0.0%	0	0	0
Other assets	H	99	0.0%	0.0%	0	0	0
HYPOTHETICAL ASSET SALE PROCEEDS		**$3,202**			**$855**	**$1,566**	**$1,211**
Market Value of Debt Securities					$1,915	$1,915	$1,915
Sale Proceeds as a Percent of Market Value of Debt					44.7%	81.8%	63.2%

Note: See following pages for footnotes.
(a) Does not include liquidation / wind-down costs, Ch.7 trustee fees, monitor fees and other professional fees. A summary of potential fees can be found in footnote I.
(b) Pro forma for the exclusion of Port Hawkesbury.

Hypothetical Proceeds from Assets after Discontinuation of Operations (cont'd)

($ in millions)

A. The liquidation analysis assumes that the liquidating debtors' operations will not generate operating cash flow during the liquidation period. Further, interest income earned on cash balances accumulated during the liquidation period has not been assumed. 100% of cash and cash equivalents assumed to be recovered in the liquidation analysis.

B. Restricted cash currently held on NewPage's balance sheet, primarily held at utility subsidiaries, estimated to have no value in the liquidation analysis.

C. The liquidation value of accounts receivables was estimated using the average high and low recoveries on accounts receivables from the AbitibiBowater and Smurfit Stone liquidation analyses.

D. The liquidation value of inventory was estimated using the average high and low recoveries on inventory from the AbitibiBowater and Smurfit Stone liquidation analyses as well as evaluating the current borrowing base certificate and NOLV estimates.

E. Other current assets estimated to have no value in the liquidation analysis.

<u>Case # 1:</u>

F. The liquidation value of the property, plant and equipment was calculated based on the recent sales of the Whiting, Kimberly and Niagara (NewPage mills). The analysis used the purchase price and total capacity of each mill to calculate a purchase price / ton of capacity multiple. The low and high multiples based on the three asset sales were then applied to NewPage's pro forma total capacity to obtain the liquidation value of NewPage's property, plant and equipment.

PP&E - LIQUIDATION COMPARABLES

($ in millions)

				Hypothetical Liquidation Value of NewPage PP&E	
NewPage Pro Forma Total Capacity[(a)]	3,520,000 tons				
	Purchase Price	Total Capacity	Purchase Price / Ton of Capacity	Low	High
Whiting (Trans. Closed TBU)	$5.5	247,000 tons	$22.27/ton	$20	$78
Kimberly (Trans. Closed June 21, 2011)	8.6	615,000 tons	14.04/ton		
Niagara (Trans. Closed February 11, 2011)	1.4	254,000 tons	5.57/ton	Midpoint = $49	

(a) Pro forma for the exclusion of Port Hawkesbury.

Hypothetical Proceeds from Assets after Discontinuation of Operations (cont'd)

($ in millions)

<u>Case # 2:</u>

F. Percent of book value based on the average of recoveries on property, plant and equipment from the Smurfit Stone and AbitibiBowater liquidation analyses.

G. The Port Hawkesbury biomass project assumed to have no value in a liquidation.

H. All other long term assets assumed to have no value in the liquidation analysis.

I. Liquidation costs (wind-down costs, bankruptcy fees and professional fees) assumed to be proportional to the average liquidation costs in the AbitibiBowater and Smurfit Stone bankruptcies based on total assets.

WIND-DOWN AND PROFESSIONAL FEES CALCULATION

	Total	Liquidation / Wind-down Costs		Chapter 7 Trustee and Monitor Fees		Professional Fees	
	Assets	$	% of Assets	$	% of Assets	$	% of Assets
AbitibiBowater	$6,855	($76)	1.11%	($67)	0.98%	($56)	0.82%
Smurfit-Stone	6,098	(128)	2.11%	(59)	0.98%	(21)	0.34%
NewPage	$3,202	($51)	1.61%	($31)	0.98%	($19)	0.58%

NewPage Summary Capitalization

($ in millions)

SUMMARY CAPITALIZATION AS OF JUNE 30, 2011

	Face Value	Price (08/25/11)	Market Value	Total Debt / EBITDA Book	Total Debt / EBITDA Market	Interest Rate	YTW	Annual Interest	Interest Coverage	Maturity	Rating
Cash & Cash Equivalents	$9.0		$9.0								
Secured Debt											
Revolving Credit Facility	$131.0	100.0%	$131.0	0.4x	0.4x	L+350 [a]	NA	$6.3	56.0x	Mar-12 [b]	
11.375% First Lien Senior Secured Notes	1,770.0	84.2%	1,490.1	5.4	4.6	11.375%	18.0%	201.3	1.7	Dec-14 [c]	B2/CCC+
Capital Leases	153.0	NA	153.0	5.8	5.0	NA	NA	NA	1.7	NA	
Second-Lien Debt											
Floating Rate Second Lien Secured Notes	225.0	11.1%	24.9	6.4	5.1	L+625	NM	14.8	1.6	May-12	Caa2/CCC
10% Second Lien Senior Secured Notes	806.0	13.3%	107.3	8.7	5.4	10.0%	NM	80.6	1.2	May-12	Caa2/CCC
Total Secured Debt	$3,085.0		$1,906.3	8.7x	5.4x			$303.0	1.2x		
Unsecured Debt											
12% Senior Subordinated Notes	$200.0	2.1%	$4.1	9.3x	5.4x	12.0%	NM	$24.0	1.1x	May-13	Caa3/CCC
Total Unsecured Debt	$200.0		$4.1	9.3x	5.4x			$24.0	1.1x		
Holding Co. Debt											
Senior Unsecured PIK Notes	$232.0	0.9%	$2.0	9.9x	5.4x	L+700	NM	$17.0	1.0x	Nov-13	
Total Holding Co. Debt	$232.0		$2.0	9.9x	5.4x			$17.0	1.0x		
Group Inc. Debt											
Stora Enso PIK Notes	$272.8 [d]	0.9% [d]	$2.4	10.7x	5.4x	L+700	NM	$19.9	1.0x	Dec-15	
Total Group Debt	$272.8		$2.4	10.7x	5.4x			$19.9	1.0x		
Total Debt	$3,789.8		$1,914.8	10.7x	5.4x			$363.9	1.0x		
Memo: Other Obligations											
Under-Funded Pension / OPEB Plans	$478.0	NA	$478.0	12.0x	6.7x	NA	NA	NA	1.0x	NA	
Total Other	$478.0		$478.0	12.0x	6.7x			$0.0	1.0x		
Total Debt and Pension / OPEB	$4,267.8		$2,392.8	12.0x	6.7x			$363.9	1.0x		
Shareholders' Equity	($1,106.0)		($1,106.0)								
Total Capitalization	$3,161.8		$1,286.8								
Memo:											
Adjusted LTM EBITDA [e]	$355.0										
3-Month LIBOR	0.31%										

Source: Company filings, SMi, Advantage Data, Moody's, S&P.

(a) The revolver has a 0.5% commitment fee and a 0.25% fee on the average maximum amount available to be drawn under all Letters of Credit.

(b) The revolving credit facility matures upon the first to occur of (i) December 21, 2012 and (ii) the later of (a) March 1, 2012 and (b) the date that is 61 days prior to the scheduled maturity date of the first lien notes, senior secured notes, senior subordinated notes, the Newfoundland Holding PIK notes and any refinancing thereof.

(c) The First Lien Senior Secured Notes mature upon the first to occur of (1) December 31, 2014, or (2) 31 days prior to the maturity date of Second Lien Notes, Senior Subordinated Notes, Newfoundland Holding PIK Notes, or any refinancing thereof.

(d) Face value based on three quarters of PIK interest from 9/30/2010 balance of $251mm. Assumption that pricing of SENA PIK Notes in line with Holding Co. PIK Notes.

(e) Adjusted LTM EBITDA as of 6/30/2011.